

FISCAL NOTE

SB 3830 - HB 3456

February 18, 2008

SUMMARY OF BILL: Exempts wood shavings, chips, and slabs from state and local sales and use taxes when sold to qualified farmers and nurserymen.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$88,000

Decrease Local Revenue - \$28,300

Assumptions:

- According to the Department of Revenue, and based on data from the 2002 U.S. Census of Agriculture, there were 87,500 farms in Tennessee, among them approximately 55,880 cattle and poultry farms.
- The number of farms has remained relatively constant.
- Thirty percent of cattle and poultry farms use wood shavings, chips and slabs.
- Average spending is estimated to be \$75 per farm per year.
- Total taxable sales are estimated to be \$1,257,300 (55,880 farms x 30% x \$75 = \$1,257,300) per year.
- The current state sales tax rate is seven percent.
- The decrease of state revenue is estimated to be \$88,000 ($\$1,257,300 \times 7.0\% = \$88,011$) per year.
- The local option sales tax rate is estimated to average two and one-quarter percent.
- The decrease of local government revenue is estimated to be \$28,300 ($\$1,257,300 \times 2.25\% = \$28,289$) per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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